

ORIGINAL

MEMORANDUM



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FROM: Deborah R. Scott
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AZ CORP COMMISSION
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DATE: February 26, 2001

RE: STAFF REPORT FOR WILLOW LAKES PROPERTY OWNERS ASSOCIATION,
INC., APPLICATION FOR APPROVAL OF A PERMANENT RATE INCREASE
(DOCKET NO. ~~2001-0000015949~~)

Attached is the Staff Report for the application of Willow Lakes Property Owners Association, Inc., for approval of a permanent rate increase. Staff recommends approval of its rates and charges without a hearing.

DRS:RDN:jbc:lhbm

Originator: Roger D. Nash

Attachment: Original and Ten Copies

Arizona Corporation Commission
DOCKETED

FEB 26 2001

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CLP

**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

**WILLOW LAKES PROPERTY OWNERS ASSOCIATION, INC.
DOCKET NO. W-02173A-00-0974**

**APPLICATION
FOR A
PERMANENT RATE INCREASE**

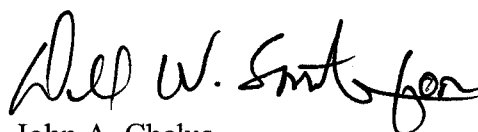
February, 26, 2001

STAFF ACKNOWLEDGMENT

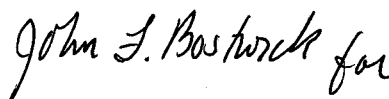
Willow Lakes Property Owners Association, Inc. (Docket Number W-02173A-00-0974), was the responsibility of the Staff members listed below. Roger Nash was responsible for the review and analysis of the Company's application for a permanent rate increase, Staff's recommended revenue requirement, rate base and rate design. John A. Chelus was responsible for the engineering and technical analysis. Richard David Martinez was responsible for reviewing the Arizona Corporation Commission's records on the Company, determining compliance with Commission policies/rules and reviewing customer complaints filed with the Commission.



Roger Nash
Auditor III



John A. Chelus
Utilities Engineer



Richard David Martinez
Consumer Service Specialist

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FACTSHEET

Company:

CC&N: Decision No. 48424, dated October 7, 1977.

Current Rates: Decision No. 52851, dated March 1, 1982.

Type of Ownership: "S" Corporation

Location: Cochise County, Arizona approximately 10 miles north of Benson. (See Attachment A, Engineering Report). Not located in an Active Management Area ("AMA")

Rates

Permanent rate application filed: November 28, 2000.

Current Test Year Ended: December 31, 1999

Prior Test Year Ended: December 31, 1980

	<u>Current Rates</u>	<u>Company Proposed Rates</u>	<u>Staff Proposed Rates</u>
Monthly Minimum Charge (Based on a 5/8 X 3/4 – inch meter)	\$25.00	\$50.00	\$25.00
Gallons in Minimum:	6,000	4,000	- 0 -
Charge per 1,000 gallons In Excess of Minimum :			
From 0 to 4,000 gallons:	\$0	N/A	\$5.20-
From 4,001 to 6,000 gallons	\$0	\$1.45	\$5.20
Over 6,000 gallons	\$1.45	\$1.45	\$5.20
Typical residential bill (based on median usage of 3,596 gallons)	\$25.00	\$50.00	\$43.70

Customers:

Number of customers in the prior Test Year (12/31/80): 23

Number of customers in the current Test Year (12/31/99): 56

Current Test Year customers by meter size:

5/8 X 3/4 – inch	56
3/4 – inch	0
1 – inch	0
1 1/2 – inch	0
2 – inch	0
4 – inch	0
6 – inch	0
8 – inch	0

Seasonal customers: N/A

Customer notification mailed: November 12, 2000

Number of customer complaints since rate application filed: 0.

Percentage of complaints to customer base: 0.00%

Summary of Filing

Based on Test Year results, as adjusted by Staff, the Willow Lakes Property Owners Association, Inc. ("Company") realized an Operating Loss of \$154 on an Original Cost Rate Base ("OCRB") of \$128,237 for no rate of return as shown in Schedule 1.

The Company's proposed rates, as filed, produce a revenue level of \$31,000 and an operating income of \$16,192 for a 46.66 percent rate of return on an OCRB of \$34,701. While the Company requested a revenue level of \$31,000 on its "Statement in Support of Rate Increase", its rate structure would actually generate \$27,152. This would increase the typical residential bill with a median usage of 3,596 gallons, from \$25.00 to \$50.00 for an increase of 100.0 percent (Schedule 5).

Staff has recommended a revenue level of \$23,444 that will provide the Company an Operating Income of \$4,243, for a rate of return of 3.31 percent on an OCRB of \$128,237. The typical residential bill, based on a median usage of 3,596 gallons, would increase from \$25.00 to \$43.70, for an increase of \$18.70 or 74.8 percent.

Background

Willow Lakes Property Owners Association, Inc., is an Arizona "S" corporation that is engaged in the business of providing public utility water service. The Company received its Certificate of Convenience and Necessity ("CC&N") by Decision No. 48424, on October 7, 1977, and received its current rates in Decision No. 52851, dated March 1, 1982. The water system is currently being upgraded with the proceeds from a loan and grants from the United States Department of Agriculture – Rural Development ("USDA").

Commission rules require the Company to file a financing application for approval of long-term debt. The Company did not seek Commission authorization for the USDA loan of \$100,000. Consequently, Staff recommends that the Company be ordered to follow Commission rules in any future long-term financing.

Consumer Services

A search of Consumer Services records shows that there were zero informal complaints during the past three years. As a result of the instant application, there were no inquiries or concerns received. Consequently, no public comment meeting has been scheduled.

The Company is in good standing per the Commission's Corporation Division. Records indicate that the Company has filed its 1999 Annual Report.

Engineering Analysis and Compliance

Staff Engineering conducted a field inspection of the Company on January 17, 2001 (See Attachment A - Staff Engineering Report).

Adjustment A, as shown in Schedule 2, Page 2, increased Plant in Service by \$380,000 to reflect plant installed with the proceeds from the USDA grant.

Adjustment B increased the Accumulated Depreciation account by \$6,540 as shown in Schedule 2, Page 3, from \$51,404 to \$57,944. This adjustment reflects the Commission's approved Accumulated Depreciation balance as of the last Test Year plus depreciation expense for the intervening years from 1981 through 1999.

Adjustment C (Schedule 2, Page 1) increased Contributions in Aid of Construction ("CIAC") by \$280,000 to record the grant from the USDA-Rural Development.

Adjustment D (Schedule 2, Page 1) increased Working Capital allowance by \$75 based on Staff's adjustment to Operating Expenses.

Test Year Revenue and Expenses

Staff's adjustments to Test Year revenues and expenses resulted in a increase in the Company's operating income of \$7,453 as shown on Schedule 3, Page 1, of this Report.

Adjustment A increased Water Sales by \$2,034 to reflect the appropriate revenues derived from the Company's submitted bill counts.

Adjustment B increased Water Testing expenses by \$603 (Adjustment B), from \$575 to \$1,178, to reflect Staff Engineering recommended expense level.

Adjustment C increased Depreciation Expense by \$978 based on a 2.5 percent depreciation rate and Staff's recommended depreciable plant balance. In a going forward basis, Staff is recommending the Company use the following depreciation rates:

<u>Account Number</u>	<u>Account Name</u>	<u>Rate of Depreciation</u>
304	Structures & Improvements	3.33%
307	Wells & Springs	3.33%
311	Pumping Equipment	12.50%
330	Distribution Reservoirs	5.00%
331	Transmission & Distribution Mains	2.00%
333	Services	3.33%
334	Meters	8.33%
340	Office Furniture & Fixtures	6.67%
341	Transportation Equipment	20.00%
343	Tools and Work Equipment	5.00%
345	Power Operated Equipment	5.00%
346	Miscellaneous Equipment	10.00%
348	Other Tangible Plant	5.00%

Adjustment D increased Interest Expense by \$4,374 as the result of the \$100,000 loan for a term of 40 years at 4.39 percent interest rate.

Rate of Return

There are several methods to arrive at a fair and reasonable rate of return. Cost of capital studies, cash requirements analysis and debt service coverage ratios are the most common methodologies used. The Company is classified as a Class E water utility and as such is not required to file cost of capital studies to arrive at its proposed rate of return.

Staff based its recommended rate of return on Debt Service Coverage ("DSC") ratio in order to meet the lender requirements. Staff believes that a DSC ratio of 1.75 would enable the Company to service the debt and maintain its quality of service.

Cash Flow and Rate Design

Staff's recommended rates and charges presented on Schedule 4 provide sufficient revenues for operations and maintenance, service the USDA-Rural Development loan and contingencies.

The Company's current tariff includes 6,000 gallons in the minimum and proposes to reduce this to 4,000 gallons in its new rates. Staff recommended rates reduced the gallons in the minimum to zero to help promote conservation.

The Company proposed an increase in revenues of approximately 91 percent by increasing the minimum charge only. In Staff's opinion, the minimum charge should remain at \$25.00. Staff believes that the monthly minimum charge is high and should not be increased at this time. However, Staff recommends a higher commodity of \$5.20 per thousand gallons versus the Company's \$1.45.

Staff has considered a multi-tiered rate structure but concluded that it should not be implemented at this time because of the low customer usage and the small customer base. Accordingly, a one tiered rate structure is recommended.

Although the Company is not located in an Active Management Area, Staff believes its reduction to zero gallons in the minimum and a one-tiered rate structure should encourage conservation while providing revenue stability.

Staff Recommendations

Staff recommends approval of the rates and charges presented in Schedule 4 of this Report.

Staff further recommends its approval of its rates and charges without a hearing.

Staff further recommends that the Company file a rate review application after 12 consecutive months of meter readings.

Staff further recommends the Commission retroactively approve the USDA-Rural Development \$100,000.

Staff further recommends that in the future the Company file applications for approval of long-term debt as required by the Commission.

Staff further recommends that in addition to the collection of the Company's regular rates and charges, Willow Lakes Property Owners Association, Inc., shall collect from its customers their proportionate share of any Privilege, Sales or Use Tax as provided for in A.A.C. R14-2-409.D.

**ENGINEERING REPORT
FOR
WILLOW LAKES HOMEOWNERS ASSOCIATION INC.
DOCKET NO. W-02173A-00-0974**

A. PURPOSE OF REPORT

This report was prepared in response to a rate and financing application filed by Willow Lakes Property Owners Association Inc. ("Company"). John A. Chelus, Utilities Engineer, inspected the water system on January 17, 2001. Roger Nash, Auditor III from the Accounting and Rates Section accompanied him. Donald Hearn Jr. and Cheryl Fleming represented the Company.

B. LOCATION OF WATER SYSTEM

The Company is located approximately ten miles north of Benson in Cochise County. It serves a small portion of Section 7, Township 16 South, Range 20 East.

C. DESCRIPTION OF WATER SYSTEM

The system serves approximately 56 customers and is designated as Public Water System ("PWS") No. 02-042. It consists of one well with two submersible pumps in the same casing, one- 40,000 gallon storage tank, one-5,000 gallon pressure tank, two-7 ½ hp booster pumps and distribution system. The following tables provide more detail about the plant.

Well & Storage Data

	Well 1 (Active Well)	Well 2 (Inactive well)
ADWR ID No.	55-627743	55-627743
Location Number	D(16-19)12aca	D(16-19)12aca
Casing Size	18 inch	24 inch
Casing Depth	235 ft.	150 ft.
Well Depth	300 ft.	200 ft.
Static water Level	43 ft.	43 ft.
Meter Size	none	none
Pump Size	10 hp, 15 hp	-
Pump Yield	235 gpm ,650 gpm	-
Date Drilled	Approximately 1970	Approximately 1970
Storage Tank	40,000 gallons	
Pressure Tank	1-5,000 gallons	
Booster Pumps	2-7-1/2 hp	

Mains

Size	Material	Length (feet)
4 "	PVC	12,691
6 "	PVC	7,910
8 "	PVC	2,061

Meters

Size	Quantity
5/8 X 3/4"	58

D. GROWTH

The Company had 56 customers at the end of the December 1999 test year and expects to add approximately 8 customers per year. Based on this estimate, the Company could have 96 customers by the end of 2004.

E. ARIZONA DEPARTMENT OF WATER RESOURCES (ADWR) COMPLIANCE

The Company is not located within any Active Management Area and is not subject to conservation and monitoring requirements.

F. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY ("ADEQ") COMPLIANCE

According to ADEQ, the Company is in compliance and is currently delivering water that does not exceed any maximum contaminant level ("MCL") and meets Safe Drinking Water Act water quality requirements.

G. WATER USAGE

The Company does not have water usage data due to the fact that all well meters and customer meters are inoperable. This problem will be resolved in the next few months once all meters are replaced as part of a U. S Department of Agriculture-Rural Development Grant/Loan, which will be used to upgrade the entire system. (See discussion later in report) Once all meters have been replaced the Company should immediately begin monthly readings of all customer meters and all well meters to determine water sold and water pumped.

**H. OTHER
Request for Financing**

The Company is in need of upgrading their water system. The U.S. Department of Agriculture- Rural Development has approved a grant for \$280,000 and a loan for \$100,000 to renovate and test Well Nos. 1 and 2, furnish and install three (3) Well Pumps including well meters, Two (2) Booster Pumps, One (1) Five Thousand Gallon Hydropneumatic tank, Electric Switchgear, Yard Piping and Accessories, Fifty Service Water Meters, Ten Thousand (10,000) L.F. 4-inch and 6-inch PVC Pipe, Fittings and Valves. The replacement of mains has already begun. It is important that the second well be activated to provide additional backup and allow for maintenance of the storage tank when necessary.

Engineering recommends approval of the \$100,000 financing loan. An interim flat rate and/or commodity charge schedule should be developed that will provide enough revenue to cover operating expenses and the monthly loan payments. Once all customer meters and well meters are installed and monthly usage and pumping data is collected for at least twelve consecutive months, the Company should be ordered to file for permanent rates.

Water Testing Costs

The Monitoring and Assistance Program ("MAP") is operated by ADEQ for all systems serving less than 10,000 people. Annual fees are assessed based on the number and size of connections. ADEQ performs all water testing for the system, except for the tests listed below.

These tests are still the direct responsibility of the Company. Engineering estimates a total cost of \$1,178 per year for the next three years for water testing costs.

MONITORING	COST (\$) PER TEST	TOTAL 3 YEAR COST (\$)	COST (\$) PER YEAR
Bacteriological	15	1,080	360
Primary & Secondary Inorg.	478	478	160
Radiochemical			
Gross Alpha 4 (YR)	110	83	28
Radium 226 & Radium 228	170		
Nitrate – Annual	20	60	20
Nitrite – Once/Cycle	15	45	15
Asbestos – One (9 YR.)	180	60	20
Trihalomethane	100	300	100
Lead & Copper	25	375	125
Monitoring Assistance Program	350	1,050	350
TOTALS		\$3,531	\$1,178

SUMMARY OF FILING

	-- Present Rates --		-- Proposed Rates --	
	Company as Filed	Staff as Adjusted	Company as Filed	Staff as Adjusted
Revenues:				
Metered Water Revenue	\$14,201	\$16,235	\$31,000	\$23,444
Unmetered Water Revenue	0	0	0	0
Other Water Revenues	0	0	0	0
Total Operating Revenue	\$14,201	\$16,235	\$31,000	\$23,444
Operating Expenses:				
Operation and Maintenance	\$12,440	\$13,043	\$12,440	\$13,043
Depreciation	1,028	2,006	1,028	4,818
Property & Other Taxes	1,340	1,340	1,340	1,340
Income Tax	0	0	0	0
Total Operating Expense	\$14,808	\$16,389	\$14,808	\$19,201
Operating Income/(Loss)	(\$607)	(\$154)	\$16,192	\$4,243
Rate Base O.C.L.D.	\$34,701	\$128,237	\$34,701	\$128,237
Rate of Return - O.C.L.D.	-1.75%	-0.12%	46.66%	3.31%
Times Interest Earned Ratio	N/A	0.04	N/A	1.04
Debt Service Coverage Ratio	N/A	N/A	N/A	1.75
Operating Margin	-4.27%	-0.95%	52.23%	18.10%

- NOTES:
1. The times interest earned ratio (TIER) represents the ability of the Company to pay interest expenses before taxes.
 2. Operating Margin represents the proportion of funds available to pay interest and other below the line or non-ratemaking expenses.

RATE BASE

	----- Original Cost -----			
	Company	Adjustment		Staff
Plant in Service	\$84,763	\$380,000	A	\$464,764
Less:				
Accum. Depreciation	51,404	6,540	B	57,944
Net Plant	\$33,359	\$373,460		\$406,820
Less:				
Plant Advances	\$0	\$0		\$0
Customer Meter Deposits	0	0		0
Total Advances	\$0	\$0		\$0
Contributions Gross	\$0	\$280,000	C	\$280,000
Less:				
Amortization of CIAC	0	0		0
Net CIAC	\$0	\$280,000		\$280,000
Total Deductions	\$0	\$280,000		\$280,000
Plus:				
1/24 Power	\$107	\$0		\$107
1/8 Operation & Maint.	1,235	75	D	1,311
Inventory	0	0		0
Prepayments	0	0		0
Total Additions	\$1,342	\$75		\$1,417
Rate Base	\$34,701	\$93,535		\$128,237

Explanation of Adjustment:

- A - See Schedule 2 page 2 of 3
- B - See Schedule 2 page 3 of 3
- C - To record CIAC portion of USDA-Rural Development grant/loan.
- D - Based on Staff's adjustment to Operating Expense

PLANT ADJUSTMENT

	Company Exhibit	Adjustment	Staff Adjusted
301 Organization	\$2,500	\$0	\$2,500
302 Franchises	0	0	0
303 Land & Land Rights	2,020	0	2,020
304 Structures & Improvements	2,589	0	2,589
307 Wells & Springs	5,000	0	5,000
311 Pumping Equipment	19,113	0	19,113
320 Water Treatment Equipment	480	0	480
330 Distribution Reservoirs & Star	9,500	0	9,500
331 Transmission & Distribution M	21,020	0	21,020
333 Services	200	0	200
334 Meters & Meter Installations	2,119	0	2,119
335 Hydrants	0	0	0
336 Backflow Prevention Devices	0	0	0
339 Other Plant and Misc. Equiprr	20,000	0	20,000
340 Office Furniture & Equipment	0	0	0
341 Transportation Equipment	0	0	0
343 Tools Shop & Garage Equiprr	222	1	223
344 Laboratory Equipment	0	0	0
345 Power Operated Equipment	0	0	0
346 Communication Equipment	0	0	0
347 Miscellaneous Equipment	0	0	0
348 Other Tangible Plant	0	0	0
105 C.W.I.P.	0	380,000 A	380,000
TOTALS	\$84,763	\$380,000	\$464,764

Explanation of Adjustment:

- A - To reflect plant improvements derived from the USDA
\$100,000 loan and \$280,000 grant all of which is in the constuction process.

ACCUMULATED DEPRECIATION ADJUSTMENT

	<u>Amount</u>
Accumulated Depreciation - Per Company	\$51,404
Accumulated Depreciation - Per Staff	57,944 B
Total Adjustment	\$6,540

Explanation of Adjustment:

- B - This is to reflect a 2.5% accumulated depreciation from 1981 through 1998, and for the Test Year a composite rate of 6.004% form \$4,818 Depreciation Expense in 1999. Accumulated Depreciation per Decision 52851, as of December 31, 1980 was \$25,801

	12/31/1980	\$25,801
Depreciation Expense	1981	\$1,391
	1982	\$1,407
	1983	\$1,407
	1984	\$1,407
	1985	\$1,413
	1986	\$1,413
	1987	\$1,413
	1988	\$1,422
	1989	\$1,422
	1990	\$1,426
	1991	\$1,974
	1992	\$2,006
	1993	\$2,006
	1994	\$2,006
	1995	\$2,006
	1996	\$2,006
	1997	\$2,006
	1998	\$2,006
	1999	\$2,006
Accumulated Depreciation		\$57,944

STATEMENT OF OPERATING INCOME

	Company Exhibit	Staff Adjustments		Staff Adjusted
Revenues:				
461 Metered Water Revenue	\$14,201	\$2,034	A	\$16,235
460 Unmetered Water Revenue	0	0		0
474 Other Water Revenues	0	0		0
Total Operating Revenue	\$14,201	\$2,034		\$16,235
Operating Expenses:				
601 Salaries and Wages	\$0	\$0		\$0
610 Purchased Water	0	0		0
615 Purchased Power	2,558	0		2,558
618 Chemicals	200	0		200
620 Repairs and Maintenance	2,122	0		2,122
621 Office Supplies & Expense	1,056	0		1,056
630 Outside Services	3,260	0		3,260
635 Water Testing	575	603	B	1,178
641 Rents	0	0		0
650 Transportation Expenses	0	0		0
657 Insurance - General Liability	223	0		223
659 Insurance - Health and Life	0	0		0
666 Regulatory Commission Expense - Rate Case	0	0		0
675 Miscellaneous Expense	2,446	0		2,446
403 Depreciation Expense	1,028	978	C	2,006
408 Taxes Other Than Income	634	0		634
408.11 Property Taxes	706	0		706
409 Income Tax	0	0		0
Total Operating Expenses	\$14,808	\$1,581		\$16,389

OPERATING INCOME/(LOSS)	(\$607)	\$453	(\$154)
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Other Income/(Expense):				
419 Interest and Dividend Income	\$325	\$0		\$325
421 Non-Utility Income	0	0		0
427 Interest Expense	0	4,374	D	4,374
4XX Reserve/Replacement Fund Deposit	0	0		0
426 Miscellaneous Non-Utility Expense	0	0		0
Total Other Income/(Expense)	\$325	(\$4,374)		(\$4,049)

NET INCOME/(LOSS)	(\$282)	(\$3,921)	(\$4,203)
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STAFF ADJUSTMENTS

A - METERED WATER REVENUE - Per Company	\$14,201	
Per Staff	16,235	<u>\$2,034</u>

To adjust to revenues derived from bill counts.

B - WATER TESTING - Per Company	\$575	
Per Staff	1,178	<u>\$603</u>

Water Testing was increased by \$603 to reflect Engineering Staff recommended expense level of \$1,178.

C - DEPRECIATION - Per Company	\$1,028	
Per Staff	2,006	<u>\$978</u>

Pro Forma Annual Depreciation Expense:

Plant in Service	\$464,764
Less: Non Depreciable Plant	384,520
Fully Depreciated Plant	<u>0</u>
Depreciable Plant	\$80,244
Times: Staff Proposed Depreciation Rate	2.50%
Credit to Accumulated Depreciation	<u>\$2,006</u>
Less: Amort. of CIAC* 2.50%	<u>0</u>
Pro Forma Annual Depreciation Expense	<u>\$2,006</u>

* Amortization of CIAC:

Contribution(s) in Aid of Construction (Gross)	\$280,000
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	<u>0</u>
Amortizable Contribution(s)	\$280,000
Times: Staff Proposed Amortization Rate	0.00%
Amortization of CIAC	<u>\$0</u>

D - INTEREST EXPENSE - Per Company	\$0	
Per Staff	4,374	<u>\$4,374</u>

To records Interest Expense of \$4,374 as the result of the USDA-Rural Development loan.

Willow Lakes Property Owners Association Inc.

Docket No. W-02173A-00-0974

Schedule 4

Test Year Ended December 31, 1999

RATE DESIGN

Monthly Usage Charge	Present	-Proposed Rates-	
	Rates	Company	Staff
5/8" x 3/4" Meter	\$25.00	\$50.00	\$25.00
3/4" Meter	0.00	0.00	37.50
1" Meter	0.00	0.00	62.50
1½" Meter	0.00	0.00	125.00
2" Meter	0.00	0.00	200.00
3" Meter	0.00	0.00	375.00
4" Meter	0.00	0.00	625.00
6" Meter	0.00	0.00	1,250.00
Excess of Minimum - per 1,000 Gallons	\$1.45	\$1.45	\$5.20
Gallons Included in Minimum	6,000	4,000	0
<u>Service Line and Meter Installation Charges</u>			
5/8" x 3/4" Meter	\$100.00	\$100.00	\$100.00
3/4" Meter	120.00	120.00	120.00
1" Meter	160.00	160.00	160.00
1½" Meter	300.00	300.00	300.00
2" Meter	400.00	400.00	400.00
3" Meter	0.00	0.00	500.00
4" Meter	0.00	0.00	600.00
6" Meter	0.00	0.00	800.00
<u>Service Charges</u>			
Establishment	\$50.00	\$50.00	\$50.00
Establishment (After Hours)	0.00	0.00	75.00
Reconnection (Delinquent)	5.00	5.00	25.00
Meter Test (If Correct)	0.00	0.00	25.00
Deposit	0.00	0.00	*
Deposit Interest	0.00%	0.00%	*
Re-Establishment (Within 12 Months)	0.00	**	**
NSF Check	0.00	0.00	20.00
Deferred Payment	0.00%	0.00%	1.50%
Meter Re-Read (If Correct)	2.50	2.50	10.00
<u>Monthly Service Charge for Fire Sprinkler</u>			
4" or Smaller	\$0.00	\$0.00	***
6"	0.00	0.00	***
8"	0.00	0.00	***
10"	0.00	0.00	***
Larger than 10"	0.00	0.00	***

* Per Commission Rules (R14-2-403.B)

** Months off system times the minimum (R14-2-403.D)

*** 1.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.